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FISCAL IMPACT STATEMENT

LS 6231

BILL NUMBER: SB 75

NOTE PREPARED: Mar 22, 2006

BILL AMENDED: Mar 14, 2006

SUBJECT: Military Family Relief Fund.

FIRST AUTHOR: Sen. Long

FIRST SPONSOR: Rep. Borror

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: *Military Family Relief Fund:* This bill establishes the Military Family Relief Fund to provide grants for essential family support expenses to the families of Indiana residents who: (1) are members of the Indiana National Guard or the armed forces reserves; and (2) have been called to active duty after September 11, 2001. The bill allows the Veterans' Affairs Commission to establish the eligibility criteria and application and selection procedures for the grants. It requires the Director of Veterans' Affairs to report to the Budget Committee before August 1, 2006, on the grant determination procedures to be used. It also permits the Director of Veterans' Affairs or a member of the Commission to make a request to the General Assembly for an appropriation to the Fund. The bill annually appropriates any money in the Fund that is not otherwise appropriated for the purposes of the Fund.

Hoosier Veteran License Plate: The bill also creates a Hoosier Veteran license plate and specifies that the plate is not a special group recognition license plate. It provides for the collection of a \$15 annual supplemental fee at the time a vehicle plated with a Hoosier Veteran license plate is registered, which is to be deposited in the Military Family Relief Fund. The bill also requires the Bureau of Motor Vehicles (BMV) to terminate the issuance of the Hoosier Veteran license plate formerly issued as a special group recognition license plate.

Support our Troops License Plate: It also creates a Support Our Troops license plate and specifies that the plate is not a special recognition license plate. The bill provides for the collection of a \$20 annual supplemental fee at the time a vehicle plated with a Support Our Troops license plate is registered, which is to be deposited in the Military Family Relief Fund.

The bill also provides that the amount appropriated in the budget bill for statutory fee remission in FY 2007

may be used for dependents of veterans with disabilities not greater than zero percentage.

Effective Date: Upon passage; January 1, 2007.

Explanation of State Expenditures: *Military Family Relief Fund:* This bill creates the Military Family Relief Fund. The purpose of the Fund is to provide assistance with food, housing, utilities, medical services, basic transportation, and other essential family support expenses that have become difficult to afford for families of members of a reserve component of the armed forces or the National Guard and who were called to active duty after September 11, 2001. The Director of the Department of Veterans' Affairs is to administer the Fund, which consists of the following: (a) appropriations made by the General Assembly, (b) donations, (c) interest, (d) money transferred to the Fund from other funds, (e) annual supplemental fees collected from the Hoosier Veteran and Support Our Troops license plates, and (f) money from any other source. The bill annually appropriates any money in the Fund that is received from donations. The Department is required to expend money in the Fund exclusively to provide grants for assistance.

The Director of the Department, after consulting with the Veterans' Affairs Commission, is required to report to the Budget Committee pertaining to: uniform need determination procedures; eligibility criteria; application procedures; selection procedures; coordination with other assistance programs; and other areas in which the Department adopts rules that it feels are necessary to ensure the uniform administration of the grant program.

The bill requires the Commission to adopt rules for the provision of grant money from the Fund. The expenses relating to the creation of these rules presumably could be implemented within the existing level of resources available to the Commission.

Hoosier Veteran License Plate: The bill requires the BMV to design a Hoosier Veteran license plate to be issued beginning January 1, 2007. Veterans who served in the United States armed forces or their reserves, the Indiana Army National Guard, or the Indiana Air National Guard and who received an honorable discharge from service or are currently serving in the United States armed forces or their reserves would be eligible to apply for and receive a Hoosier Veteran license plate for one or more motor vehicles. The bill also requires the BMV to terminate the issuance of the Hoosier Veteran license plate which is currently issued as a special group recognition license plate. The BMV reports that it intends to use the Hoosier Veteran license plate which is currently issued as the Hoosier Veteran license plate created under the bill. As a result, the BMV does not anticipate any additional costs for the creation of the Hoosier Veteran license plate. The BMV, however, does anticipate a minimal increase in administrative costs (see *License Plates Administrative Costs*).

Support our Troops License Plate: The bill also requires the BMV to design and issue a Support Our Troops license plate. All persons eligible to register a vehicle are eligible to receive and apply for a Support Our Troops license plate. The BMV reports that it would experience an increase in both administrative (see *License Plates Administrative Costs*) and manufacturing costs.

The potential expenditures for the manufacture of the newly created Support Our Troops license plate will depend upon the number of colors used on the plate. PEN Products (Prison Enterprises Network), the manufacturing and sales arm of prison-made products, charges the BMV and other groups petitioning for the creation of a new license plate(s). These charges consist of: (1) \$3.80 per plate (flat plate), (2) \$4.50 per multi-colored flat plate, or (3) \$450 one-time set-up. This includes plate set-up by PEN graphic designer.

License Plates Administrative Costs: The BMV would experience an increase in computer and accounting

changes for both of the plates which are established under the bill. This provision will increase expenditures for the PEN Products Revolving Fund and the Motor Vehicle Highway Account, which supports the BMV. The BMV expenditures for computer and accounting changes are expected to be minimal and able to be implemented within the existing level of resources available to the agency.

Fee Remissions: The bill allows the appropriation made to the State Student Assistance Commission (SSACI) for statutory fee remission in the 2005 budget bill to be allotted and used for statutory fee remission related to dependents of veterans with disabilities not greater than zero percentage. Currently, the fee may be allotted and used for dependents of veterans with disabilities greater than zero percent. The Department of Veterans' Affairs reports that it would experience a minimal increase in workload as a result; however, it would not necessitate additional staff.

Background Information on Fee Remissions: The federal government classifies disabled veterans as a percentage of disability from 0% to 100%. A 0% disability means that the veteran has a physical problem or the potential for one, but the federal government does not consider it significant enough for compensation. The classification could change if the problem becomes worse. The SSACI anticipates an increase of approximately \$636,000 during FY 2008 in approved fee remissions for approximately 200 students. However with the July 1, 2006, effective date of this provision, it is possible that additional fee remissions may be applicable beginning in FY 2007. Both the bill and current statute are silent as to what should occur if insufficient funds exist to provide a fee remission to all approved applicants. The SSACI reverted \$346,395 in FY 2005.

Background Information on Number of National Guard and Active Military: As of January 2006, the Indiana National Guard had deployed 8,397 persons. There were 1,010 active military armed forces in Indiana during 2005.

Explanation of State Revenues: *Hoosier Veteran and Support Our Troops License Plates:* While the potential revenue from the sales of the newly created license plates is not known, in CY 2004, the most recent year for which complete data are available, the sale of special recognition license plates fell within a range of 266 plates for the Indiana Food Bank and 66,013 for the Heritage Trust license plate. Revenue from the \$15 administrative fee is not known. The funds affected and the amount each fund receives from the \$15 administrative fee are as follows: (1) the Motor Vehicle Highway Account (MVHA), \$5; (2) the Crossroads 2000 Fund, \$1, and (3) the state License Branch Fund (LBF).

The MVHA supports the BMV, the Department of Transportation, the state Department of Revenue, and is distributed to local units of government for construction, reconstruction, and maintenance of roads. The Crossroads 2000 Fund is used for bonding for highway projects. The state License Branch Fund supports the operation of license branches throughout the state.

Revenue from the Hoosier Veteran license plate annual supplemental fee of \$15 would range between \$3,990 and \$990,195, based on the CY 2004 sales of the Indiana Food Bank and the Heritage Trust plates. Revenue from the Support Our Troops license plate \$20 annual supplemental fee would range between \$5,320 and \$1.3 M, based on the CY 2004 sales. Revenue from the supplemental fees would be deposited into the Military Family Relief Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue; Indiana Department of Veterans' Affairs; Bureau of Motor Vehicles; State Student Assistance Commission Statutory Fee Remission.

Local Agencies Affected:

Information Sources: Department of Veterans' Affairs; SSACI.

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